

## **Denmark**

More generous and fairer welfare policies, especially for children

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*Publication date:*  
2019

*Document Version*  
Publisher's PDF, also known as Version of record

*Citation for published version (APA):*  
Kvist, J. (2019, Oct). Denmark: More generous and fairer welfare policies, especially for children. European Commission.

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# Denmark: More generous and fairer welfare policies, especially for children

ESPN Flash Report 2019/54

JON KVIST – EUROPEAN SOCIAL POLICY NETWORK

OCTOBER 2019

*Following the election, which brought a Centre-Left majority, the Social Democrats formed a minority government with the support of three parties, after agreeing a programme of common understanding including the need to strengthen welfare policies, especially those affecting children, fighting inequality and improving integration. The government also has contentious priorities on retirement and immigration policy, which fall outside the agreement.*



## Description

In the 5 June 2019 election, the Centre-Left parties won a majority. The Social Democrats (48 out of 179 seats) formed a minority government secured by the support of the Social Liberals (16 seats), the Socialist People's Party (14 seats), and the Red-Green Alliance (13 seats) on the basis of an agreement of understanding which, in addition to very ambitious climate policies, involves an emphasis on more generous and fairer welfare policies.

The parties agree that welfare financing must evolve in line with changing demographics, and have vowed to find financing for further quality improvements. They stress that rising inequality and dysfunctional integration must be addressed, including the re-introduction of an official poverty line to monitor inequality. They have also agreed to develop an "ambitious reform programme for children" aimed at curbing child poverty, raising the quality of childcare, schooling and education through better staffing and financing, and promoting the mental well-being of children.

On 3 September 2019, as their first piece of legislation, the four parties agreed on a new temporary allowance for families with children who are affected by the benefit ceiling whilst receiving either social assistance, the educational allowance or the integration benefit. The monthly tax-free benefit will amount to €94 per child (aged 0-14 years) for parents on the lowest benefits, €80 for children of single

parents and €74 for other children in the target group. Moreover, single parents will get an additional €87 per month. As a result, a single parent on social assistance with two children will receive up to €247 extra per month net.

The allowance, the cost of which will come to about €40 million, is expected to affect about 27,900 children. Entitlement to the benefit will start on 1 August 2019. The benefit will be in place until a reformed benefit system comes into force.

Indeed, the government and its supporting parties wish to reform the part of the social benefit system related to minimum incomes and family allowances. To that end, the government will set up a Benefit Commission that will be given one year to come up with reform proposals.

While united in their efforts to uphold and improve welfare policies, the four parties tend to disagree on where the financing should come from.

In its efforts to continue with a tough immigration and refugee policy, the minority government can rely on the support of the Centre-Right parties.

However, the government is isolated in its ambition, within existing retirement policies, to establish a right for certain manual workers affected by attrition after a long working life to claim a national pension three years before the rest of the population (for details see Kvist, 2019).

The government has consented to implement the proposal for a new

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“senior disability pension”, which was agreed between the Centre-Right Parties and the Social Liberals just before the election. This would also entail establishing a Commission to investigate whether further routes to early retirement would be appropriate, which could present an alternative opportunity to flesh out a right to a dignified early withdrawal.

In the annual negotiations on block grants for municipalities and regions, the government has so far managed to find extra financing for welfare activities (€295 million) and health (€201 million). This should enable the present quality of services to be preserved and slightly improved, even if it falls somewhat short of the high hopes of the supporting parties. Still, it has been possible to meet, partially, the Socialist People’s party’s demand to include financing for the gradual roll out of minimum staffing norms for childcare institutions.

## Outlook and commentary

It seems very likely that the government will be able to agree with its supporting parties on issues related to children and on upholding and improving the quality of welfare policies.

However, it seems difficult to gain agreement from the employers’ associations and a parliamentary majority for a lower pensionable age for selected groups. A government proposal is not likely to be put forward before the Spring of 2020.

There are plentiful challenges facing the government. Securing the extra manpower and revenue needed to meet ambitions in the social field will itself be difficult enough.

Since the government, as part of the agreement of understanding, has also pledged to reduce Denmark’s CO2 emissions by 70% by 2030, it will also have to balance its welfare objectives against its climate goals.

Still, the introduction of temporary allowances to needy families with children, and the coming reform of the social benefit system, are signalling an end to a “make work pay” strategy and a renewed fight against poverty and negative social risk transmission.

## Further reading

Beskæftigelsesministeriet (2019), *Politisk aftale: Fattige familier får midlertidigt tilskud* (Political agreement: Poor families temporarily receive an extra allowance), 3 September, press announcement, last accessed on 5 September 2019 at: <https://bm.dk/nyheder-presse/pressemeddelelser/2019/09/politisk-aftale-fattige-familier-faar-midlertidigt-tilskud/>

Kvist, J. (2019), *Early retirement for worn-out workers: A major election topic in Denmark*, ESPN Flash Report 2019/23.

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Socialdemokraterne (2019), *Folkepension: Værdig tilbagetrækning fra arbejdsmarkedet* (National old-age pension: Respect full retirement from the labour market), January 2019, last accessed on 5 September 2019 on <https://www.socialdemokratiet.dk/da/politik/folkepension/>

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Quoting this report: Jon Kvist (2019). Denmark: More generous and fairer welfare policies, especially for children, ESPN Flash Report 2019/54, European Social Policy Network (ESPN), Brussels: European Commission.